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Excerpts from newspaper and magazine articles show that the long range effect of the recent riots in Mississippi on that state's economy will be profound, prolonged and painful. State officials find it harder to attract new industry to the state. The rate of new plants being built has decreased. Corporations do not want to take the risk of being involved in the racial strife of Mississippi. Governor Barnett, who has made many efforts to entice industry to his state, has lost all his effectiveness since his conflict with federal authorities in school integration.

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WHAT PRICE VIOLENCE?

While it is still too early to determine the long-range effects of the recent riots on Mississippi's economy, there seems little doubt that they will be profound, prolonged, and painful.

The heavy price Mississippi can be expected to pay for the violence at Oxford has been the subject of several recent newspaper and magazine articles. These excerpts are taken from a selection of those articles.

* * * * *

Wall Street Journal, September 26:

> "Many Mississippi businessmen are privately expressing concern that mounting racial strife may depress the state's economy.
>
> "In Jackson . . . state officials responsible for attracting new industry are privately apprehensive about whether this growth can continue if the racial conflict takes a violent turn. Although most are understandably reluctant to discuss their views, it is apparent they feel the university crisis is upsetting their plans.
>
> "A number of businessmen in Mississippi agree, as does a leading plant location specialist outside the state.
>
> "'In the past 15 years, we've put about 60 plants into Mississippi - that's roughly four a year. But in the last few years, the rate has been more like one or two a year.' To this specialist, the racial tension clearly is responsible for keeping the plants away."

Atlanta Constitution Business Editor Jim Montgomery in a column which appeared October 3:

> "Mississippi's bitterly violent defiance of law and order has failed in all respects save one.
>
> "It has succeeded only in committing economic suicide.

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"It has in a single night of terror undone years of costly effort to lure new industry within its borders. It has, in effect, warned industry to stay away.

"Mississippi will no doubt continue to offer cheap labor, huge tax concessions and other give-aways . . . .

"But for most of the nation's industries, no amount of monetary inducement could offset the risk of moving into a state whose chief executive not only says but also shows that he cannot or will not preserve the peace.

"And even those major corporations who might otherwise be tempted to accept Mississippi's desperately proffered gifts would founder on personnel resistance, for it is inconceivable that the executives needed to run a new plant would agree to moving their families into a state whose law enforcement officers stand idly by as mobs riot."

Staff writer Rick Tuttle, who was on the scene at Oxford, in the Miami Herald, October 7:

"The State of Mississippi, her people and her future have been deeply wounded by the explosion here.

"It will be decades before the wounds heal.

"This is the grim outlook of moderates in Mississippi - the business and professional leaders who did not speak out against Gov. Ross Barnett until it was too late - until blood ran in the streets of this quiet university town.

"Now they are uniting and trying to put out the flames of hatred which they feel Barnett will continue to fan.

"But all agree the damage has been done. The words 'Oxford' and 'Mississippi' and 'James Meredith' for years will bring to mind death and hatred and racial prejudice.

"There are many ways Mississippi has been hurt by the explosion of violence, but the most severe is probably economic. Barnett has done a good job of attracting industry to Mississippi . . . . But Arkansas and Little Rock experienced a new-industry drought for years after federal troops protected Negro students there.

"'Only recently has industry started going back into Little Rock and the racial trouble has been blamed,' a Herald source said. 'And what happened at Little Rock was child's play compared with this.'

"Without industry Mississippi cannot pull itself out of the poverty and low educational stand-

ards that so often accompany agrarian economies. Now the outlook for industry is even blacker.

"Another serious injury to the state - very close behind the economic one - is to the University of Mississippi itself. It may retain its accreditation, but it will probably lose some of its high caliber professors and certainly stands a slim chance of getting any new ones.

"Academic freedom at Ole Miss has already been choked by the Mississippi Legislature, according to professors, and even a crisis as grave as the Meredith case did not bring a protest from the faculty.

"One can only guess what lies ahead for Mississippi now. But those who are willing to guess see a bleak future in which the moderate voice in the state faces years of struggle just to prevent violence, much less swing the elective leadership away from extremists."

In Business Week, October 6, an article titled "The Price of Defiance," with the sub-heading, "Mississippi's battle with the federal government over Negro college student seems to be simmering down, but the state may be paying an economic toll for years to come":

"James Meredith, Negro, was enrolled in the University of Mississippi and was attending class. The turmoil was not over. Ripples were spreading from Oxford - and rolling around the world.

"But thoughtful citizens were trying to read the future - and to many in business it seemed that Mississippi might be paying a price for years to come.

"For one thing, Arkansas' experience following the 1957 troubles in Little Rock indicates that industry may be reluctant to move to Mississippi.

"Mississippi is a poorer state to begin with - its per capita income was $1,229 last year, the nation's lowest - and its racial problem is more deepseated than that of most Southern states. It has the highest percentage of Negro residents - 45% - of any state. And, as the National Urban League, a 52-year-old interracial organization dedicated to Negro economic progress, points out, Mississippi is the only state in which it has never had any affiliates or activities.

"The Magnolia State enjoyed its biggest rush of new industry under BAWI /balance agriculture with industry/ last year, with 83 new plants and 68 expan-

sions of existing facilities announced. Most of these are small, but the total adds up to a considerable number of new jobs. The list includes: General Cable Corp., 400 employees; General Tire & Rubber Co., 60; Magnavox Co., 125; Normandie Mills, 330; Southbridge Plastics, 400.

"Two big plums were announced in 1961. The first is the Standard Oil of Kentucky refinery at Pascagoula, which will employ 700 and represents an investment of $125-million. Gov. Ross Barnett pointed out at the time of the announcement that total new plant investment for Mississippi for the three previous years came to only $113-million. Construction of the refinery is well under way.

"A second major plum for Mississippi is the 13,300-acre missile testing range in Hancock County also on the Gulf. Early estimates projected a $300-million-to-$400-million investment in Hancock.

"Only time will tell, of course, how seriously the pace of private and federal investment in Mississippi will be affected by the Oxford affair. But an indirect threat to the state's economy became apparent early this week when the Southern College Accreditation Board warned Gov. Barnett that unless he changes his tactics accreditation of 'Ole Miss' and other state colleges might be withdrawn. Such a move would be likely to discourage industrialists from moving their families to the state.

"Loss of accreditation would also mean withdrawal of federal and private grants for scholarships and research. The Health, Education & Welfare Dept. has already moved to withhold money until the 'situation is clarified.'"

Editorial in the Knoxville News-Sentinel October 6:

"Mississippi's drive to lure new industry - an effort which has met with some success up to now - is endangered by the riots at Ole Miss. Out-of-state businessmen have been reluctant to move into a state deeply troubled by racial strife.

"Take Little Rock, Ark., for example. In the two years before the riots at Little Rock's Central High School, 17 new plants moved into the city; they employed 1200 persons. But in four years since the troubles only 13 new plants have sprung up in the city. They employ less than 1000.

"If nothing else, practical business reasons alone should stir Mississippi leaders to restore and maintain order as rapidly as possible. The state lags behind its neighbors economically and further sociological upsets will make it harder for Mississippi to catch up."

Newsweek, October 22, in the Business and Finance Section:

"For 26 years, Mississippi has been luring industries into the state in an effort to boost its underdeveloped economy. But immediately after the recent riots at the University of Mississippi one state industrial salesman heard from eight Northern industrialists who had been considering moving in - and four of them said they were bowing out. The reason given by a Midwest furniture manufacturer: 'It looks like you people are being led by the wrong element.'

"In two terse words, William B. Selah Jr., director of the Southwest Mississippi Area Development Commission, expressed the reaction of a good many of the state's businessmen: 'Violence hurts.' A Jackson banker predicted gloomily: 'I don't think we're going to have much industry running our way for a while.' And a national manufacturer of hard goods told its Mississippi plant in bitter jest: 'From now on, put "Made in North Carolina" on our products.'

"Some of the state's recruiters reported business as usual; Barnett himself, in several speeches last week, read a number of pre-crisis testimonials he had received from industrialists. But most officials were apprehensive. One said: 'We don't need to be reminded of what happened in Little Rock.'

"The parallel was ominous. When Little Rock's school-integration crisis erupted in September 1957, the city and state were thriving. In the previous two years, industrial investment in the state totaled $248 million; Little Rock alone gained ten new plants, worth $3.4 million and adding 1,072 jobs to the city's payroll. In the two years after Federal troops marched into Little Rock, the state's investment fell to $190.6 million; for three years, not a single company employing more than fifteen people moved into the Little Rock area. Last year, with memories of the turbulence fading, one new plant was built for $1.6 million; this year another firm plans a $780,000 plant.

"Racial strife in Arkansas 'did have an effect,' Winthrop Rockefeller, leading financier and chairman of the Industrial Development Commission, said last week, 'but it would be extraordinarily difficult to put a price tag on it.'

"And, as Little Rock's case amply illustrates, the effects of racial strife can last a long time."

The New York Times, October 21:

"Mississippi, which has striven desperately since 1936 to reinforce its traditional cotton economy with a solid layer of industrial jobs, now faces an

uncertain future because of the tragic violence over desegregation at the University of Mississippi.

"The situation has already caused the Mississippi Agricultural and Industrial Board, the state's official industrial development agency, to cancel its Oct. 25 dinner in Chicago, where Gov. Ross Barnett was scheduled to play host to more than 200 Midwest industrialists.

"No public announcement has been made by the board, but an industrialist who was to have participated in the industrial junket said:

'We can't send Barnett out of the state at this time.'

"Governor Barnett had put himself in the forefront as the state's industrial salesman by making daily telephone calls to Northern industrialists and also visiting them at their home offices.

"Now it it felt he has become a symbol of racial violence at the univeristy because of his defiance of the Federal courts.

"When the case became a top national and international story, Governor Barnett received publicity that could hardly help the state's case for persuading the nation's business and industry leaders to build plants in Mississippi.

"One leader of that organization [Northeast Mississippi Industrial Development Council] said: 'I think the Ole Miss incident is going to affect us. Wherever you have violence, it's bound to hurt.'

"A south Mississippi regional industrial leader said he was 'very concerned and very upset over what it is going to do to us.' Even before the rioting, he said, 'several manufacturers had stopped putting "made in Mississippi" labels on their products,' which are marketed nationally.

"Some reaction has shown up in the channels of investment capital that Eastern and Northern financial houses make available to Mississippi bankers, but one Mississippi banker said 'it isn't anything serious at this point.'

"But he noted: 'I don't think we're going to have much industry running our way for a while. In fact, it could hurt us for a long while.'"